



DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center
Financial Management Services
Division of Cost Allocation

26 Federal Plaza, Room 41-122
New York, New York 10278
Phone: (212) 264-2069
Fax: (212) 264-5478

December 14, 2010

Mr. Martin J. Benison
Comptroller
The Commonwealth of Massachusetts, Dept. of Public Hlt.
One Ashburton Place, Room 901
Boston, Massachusetts 02108-1696

Dear Mr. Benison:

A negotiation agreement is being faxed to you for signature. This agreement reflects an understanding reached between your institution and a member of my staff concerning the rates or amounts that may be used to support your claim for costs on grants and contracts with the Federal Government. The agreement must be signed by a duly authorized representative of your institution and faxed to me; retain a copy for your file. Our fax number is (212) 264-5478. We will reproduce and distribute the agreement to awarding agencies of the Federal Government for their use.

Requirements for adjustments to costs claimed under Federal Grants and Contracts resulting from this negotiation are dependent upon the type of rate contained in the negotiation agreement. Information relating to these requirements is enclosed.

A proposal encompassing all activities of your institution together with the required supporting information must be submitted to my office at the address shown on page 2 for each fiscal year your institution claims costs under grants and contracts awarded by the Federal Government. This proposal is due within six months after the close of your fiscal year. Therefore, a proposal for fiscal year ending June 30, 2011 will be due in my office not later than December 31, 2011. The proposal will be used to establish rates/amounts for the fiscal year subsequent to the last period covered by an approved final, fixed, or predetermined rate(s). Failure to submit a timely proposal will be interpreted as a forfeiture of reimbursement for indirect costs. Therefore, unless a proposal is received by December 31, 2011, future awards made by the Department of Health and Human Services will be for direct costs only and will not provide for the recovery of costs contained in this agreement. In addition, the costs claimed against awards already made may be subject to disallowances.

Mr. Martin J. Benison

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December 14, 2010

Your proposal and relevant correspondence should be addressed to:

Department of Health and Human Services
Division of Cost Allocation
26 Federal Plaza, Room 41-122
New York, New York 10278
(212) 264-1823

If you are unable to submit your proposal by the prescribed date, you may request an extension. This request must be submitted prior to the due date of the proposal and must contain a justification for the extension and the date the proposal will be submitted.

Sincerely,



Robert I. Aaronson
Director, Division of
Cost Allocation

DEC. 14. 2010 12:07PM

NO. 4301 P. 4/7

ORIGINAL

STATE AND LOCAL GOVERNMENTS RATE AGREEMENT

EIN: 1046002284B7

DATE: 12/14/2010

ORGANIZATION:

Commonwealth of Massachusetts, Dept. of
Public Hlt.

One Ashburton Place, Rm. 901
Boston, MA 02108-1696

FILING REF.: The preceding
agreement was dated
07/24/2008

The rates approved in this agreement are for use on grants, contracts and other agreements with the Federal Government, subject to the conditions in Section III.

SECTION I: INDIRECT COST RATES

RATE TYPES: **FIXED** **FINAL** **PROV. (PROVISIONAL)** **PRED. (PREDETERMINED)**

EFFECTIVE PERIOD

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE (%) LOCATION</u>	<u>APPLICABLE TO</u>
PRED.	07/01/2010	06/30/2012	14.80 Central Off.	All Prog except Hosp
PROV.	07/01/2012	Until Amended		Use the same rates and conditions as those cited for fiscal year ending June 30, 2012.

*BASE

Direct salaries and wages including vacation, holiday, sick pay and other paid absences but excluding all other fringe benefits.

DEC. 14. 2010 12:07PM

NO. 4301 P. 5/7

ORGANIZATION: Commonwealth of Massachusetts, Dept. of Public Hlt.

AGREEMENT DATE: 12/14/2010

SECTION I: FRINGE BENEFIT RATES**

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE (%) LOCATION</u>	<u>APPLICABLE TO</u>
FIXED	7/1/2010	6/30/2011	31.82 All	Reg. Employees
FIXED	7/1/2010	6/30/2011	1.91 All	See Note Below

** DESCRIPTION OF FRINGE BENEFITS RATE BASE:

Salaries and wages.

The Fringe Benefit Rate shown above as 1.91% is referred to as Payroll Tax Rate by the Commonwealth of Massachusetts. This rate is applicable to all regular, uniformed and contractual employees. It includes Unemployment Insurance, Universal Health Insurance and Medicare Tax.

ORGANIZATION: Commonwealth of Massachusetts, Dept. of Public Hlt.

AGREEMENT DATE: 12/14/2010

SECTION II: SPECIAL REMARKS

TREATMENT OF FRINGE BENEFITS:

The fringe benefits are charged using the rate(s) listed in the Fringe Benefits Section of this Agreement. The fringe benefits included in the rate(s) are listed below.

TREATMENT OF PAID ABSENCES

Vacation, holiday, sick leave pay and other paid absences are included in salaries and wages and are claimed on grants, contracts and other agreements as part of the normal cost for salaries and wages. Separate claims are not made for the cost of these paid absences.

The following fringe benefits are included in the fringe benefit rate of 31.82%: Group Insurance, Retirement and Terminal Leave.

Equipment means an article of nonexpendable tangible personal property having a useful life of more than one year, and an acquisition cost of \$5,000 or more per unit.

DEC. 14. 2010 12:07PM

NO. 4301 P. 7/7

ORGANIZATION: Commonwealth of Massachusetts, Dept. of Public Hlt.

AGREEMENT DATE: 12/14/2010

SECTION III: GENERAL

A. LIMITATIONS:

The rates in this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. Acceptance of the rates is subject to the following conditions: (1) Only costs incurred by the organization were included in its indirect cost pool as finally accepted; such costs are legal obligations of the organization and are allowable under the governing cost principles; (2) The same costs that have been treated as indirect costs are not claimed as direct costs; (3) Similar types of costs have been accorded consistent accounting treatment; and (4) The information provided by the organization which was used to establish the rates is not later found to be materially incomplete or inaccurate by the Federal Government. In such situations the rate(s) would be subject to renegotiation at the discretion of the Federal Government.

B. ACCOUNTING CHANGES:

This Agreement is based on the accounting system purported by the organization to be in effect during the Agreement period. Changes to the method of accounting for costs which affect the amount of reimbursement resulting from the use of this Agreement require prior approval of the authorized representative of the cognizant agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from indirect to direct. Failure to obtain approval may result in cost disallowances.

C. FIXED RATES:

If a fixed rate is in this Agreement, it is based on an estimate of the costs for the period covered by the rate. When the actual costs for this period are determined, an adjustment will be made to a rate of a future year(s) to compensate for the difference between the costs used to establish the fixed rate and actual costs.

D. USE BY OTHER FEDERAL AGENCIES:

The rates in this Agreement were approved in accordance with the authority in Office of Management and Budget Circular A-87 Circular, and should be applied to grants, contracts and other agreements covered by this Circular, subject to any limitations in A above. The organization may provide copies of the Agreement to other Federal Agencies to give them early notification of the Agreement.

E. OTHER:

If any Federal contract, grant or other agreement is reimbursing indirect costs by a means other than the approved rate(s) in this Agreement, the organization should (1) credit such costs to the affected programs, and (2) apply the approved rate(s) to the appropriate base to identify the proper amount of indirect costs allocable to these programs.

BY THE INSTITUTION:

Commonwealth of Massachusetts, Dept. of Public Hlt.

(INSTITUTION)

(SIGNATURE)

Martin J. Benison

(NAME)

Comptroller

(TITLE)

December 20, 2010

(DATE)

ON BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)

(SIGNATURE)

Robert I. Aaronson

(NAME)

Director, Northeastern Field Office

(TITLE)

12/14/2010

(DATE) 0594

HHS REPRESENTATIVE: A. Sugrim-Singh

Telephone: (212) 264-2069